

Message Text

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ORIGIN PM-07

INFO OCT-01 ARA-16 ISO-00 CIAE-00 INR-10 NSAE-00 RSC-01

SS-20 NSC-10 H-03 AID-20 IGA-02 L-03 MC-02 (ISO) R

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R 202224Z NOV 73

FM SECSTATE WASHDC

TO AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

INFO DOD

USCINCSO

C O N F I D E N T I A L STATE 229099

E.O. 11652: GDS

TAGS: MASS, US, ES, HO

SUBJECT: CENTRAL AMERICAN AEROMODERNIZATION

REFERENCES: (A) SAN SAL 4163, 072330Z NOV 73; (B) STATE
123411, 232131Z JUN 73.

1. FOR SAN SALVADOR. SINCE CONGRESS HAS NOT ENACTED THE
FY 1974 SECURITY ASSISTANCE LEGISLATION, GUIDANCE IN REF.B
PERTAINS, THAT IS, WE ARE STILL NOT IN A POSITION TO MAKE
ANY NEW CREDIT COMMITMENTS FOR CURRENT AND FUTURE FISCAL
YEARS. FURTHERMORE, FUNDS MAY NOT BE AVAILABLE TO PROVIDE
FMS CREDIT WITHIN CEILING AUTHORIZED BY CONGRESS.

2. WE UNDERSTAND THAT EL SALVADOR CITED THE LACK OF CREDIT
ASSURANCE AS ONE REASON FOR NOT SIGNING LETTER OF OFFER
(DD-1513) FOR A-37 PURCHASE. THE DD-1513 EXPIRES ON 30
NOVEMBER 1973. GOH WAS ALSO AWARE THAT FMS CREDIT MIGHT
NOT BE AVAILABLE WHEN IT SIGNED DD-1513. UNDER THE TERMS
OF AN AMENDMENT TO THAT LETTER OF OFFER, THE USG IS REQUIRED
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TO NOTIFY THE GOH OF THE CREDIT AVAILABILITY 30 DAYS PRIOR

TO THE SIGNING OF THE CONTRACTS RELATING TO A-37 PRODUCTION ON BEHALF OF THE GOH. A SIMILAR AMENDMENT WAS OFFERED TO GOES, BUT IT HAS EXPIRED WITHOUT ACCEPTANCE.

3. IF WE CAN OFFER CREDIT AT LATER DATE IN FY 1974, WE COULD CONVERT TO FMS CREDIT TERMS THAT PART OF FY 1974 REQUIREMENT (DOLS 1.0 MILLION) WHICH HAD NOT BEEN PAID, HOW-

EVER, WE HAVE NO PROCEDURE FOR REFUND OF PAYMENTS MADE PRIOR TO SIGNING OF CREDIT AGREEMENT.

4. THROUGH DEFENSE CHANNELS WE ARE NOW PREPARING TO INFORM GOH THAT THERE IS NO FY 1974 FMS CREDIT PRESENTLY AVAILABLE AND THE GOH WILL BE GIVEN 30 DAYS TO DECIDE WHETHER TO AUTHORIZE USAF TO SIGN CONTRACTS WITH MANUFACTURERS ON BEHALF OF GOH OR TO CANCEL THE LETTER OF OFFER WITHOUT COST. IF, AFTER GOH IS NOTIFIED THAT USAF INTENDS TO EXECUTE CONTRACTS ON BEHALF OF GOH, THE 30TH DAYS PASSES WITHOUT A GOH NOTICE OF CANCELLATION BEING RECEIVED, THE GOH WILL BE HELD RESPONSIBLE FOR PAYMENTS SHOWN IN DISBURSEMENT SCHEDULE (ATTACHMENT 3 TO THE BASIC FMS CASE) UNDER TERMS (DEPENDABLE UNDERTAKING) OF ORIGINAL LETTER OF OFFER (DD FORM 1513) ACCEPTED BY GOH ON 28 JUNE 1973. IF GOES DECIDES TO PURCHASE A-37 AIRCRAFT WITHOUT ASSURANCE OF AVAILABILITY OF FMS CREDIT, GOES WILL BE REQUIRED TO SIGN THE EXISTING DD 1513 DEPENDABLE UNDERTAKING WITH CLAUSE WHICH HOLDS GOES RESPONSIBLE FOR PAYMENTS IN ABSENCE OF FMS CREDIT.

5. FOR TEGUCIGALPA. EMBASSY TEGUICGALPA REQUESTED TO COMMENT ON GOH S WILLINGNESS TO PROCEED WITH A CASH (DEPENDABLE UNDERTAKING) PURCHASE OF THE A-37, WITH NO ASSURANCE OF FMS CREDIT BECOMING AVAILABLE. KISSINGER

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Message Attributes

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Control Number: n/a
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Draft Date: 20 NOV 1973
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Disposition Action: RELEASED
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Disposition Authority: collinp0
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Executive Order: GS
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